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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: March 03, 2008

"Coalition Bad-Weather Front"

¶1. ... headlines one Austrian daily newspaper, summing up the media's assessment of the current mood in the SPOe-OeVP government. There is new cause for conflict, adding to the two parties' recent disputes ranging from tax reform to the allegations of abuse of office in the OeVP-led Interior Ministry: At today's session of Parliament, the Social Democrats, with the support of the opposition parties, are expected to pass a motion in favor of creating an investigative committee to look into the accusations concerning the Interior Ministry. Thus, "an improvement of the coalition climate cannot be expected," and the rumors continue to float about early general elections later this year, the daily concludes. Like all Austrian media reporting on the investigative committee the SPOe is expected to launch in Parliament today with the support of the opposition parties, mass-circulation provincial daily Kleine Zeitung says the committee is to "shed light on the goings-on in the Interior Ministry. The matter to be looked into was heavily fought over until the last moment, the daily writes, listing the key issues, which include the question of "whether, ahead of the 2006 general elections, the OeVP-run Interior Ministry deliberately launched investigations against the SPOe in connection with the Bawag affair." Also the committee is to clarify whether "there was any pressure on the investigators to play material against the SPOe into the hands of the OeVP parliamentary club, and whether the media were fed material against the Social Democrats;" and "whether the Ministry's Office for Internal Affairs was abused politically, including for surveillance of FPOe and BZOe politicians." Finally: "Whether, ahead of the 2006 elections, the Interior Ministry denied an investigation into potential police mistakes in the Kampusch abduction case, because it wanted to avoid a 'police scandal.'" In independent provincial daily Salzburger Nachrichten, chief editor Manfred Perterer comments on the massive government troubles: "The grand colation has failed. There is nothing left to unite the two parties. (...) The separate press conferences (of the Chancellor and the Vice-Chancellor) are a sure sign of how deep the rift goes. (...) This state of paralysis has become insufferable. (...) It could well be this time the voters would reward the party that freed them from this government."

Trial against Islamists

¶2. The trial will start at a Vienna court today against a couple accused of having posted a threat video message against Austrian politicians on the internet last year. Egyptian-born defendant Mohamed M. is also suspected of "having been a member, since March 2007 at least, of a terrorist organization, namely al-Qaeda, or of

other internationally active radical-Islamist terrorist networks." His wife, Mona S., who is also on trial for allegedly having translated the threat messages, has caused a quite a stir with the fact that she insists on wearing a burqa in court, Austrian media report.

Several Austrian media report on the trial against two Islamists, which begins at a Vienna provincial court today. The two defendants, Mohamed M., and his wife, Mona S., two second-generation migrants of a Middle Eastern background, face charges of membership of al Qaeda or other terrorist organizations, after having produced an Islamist internet threat video last year. In the video message posted on a website run by the couple, a group calling themselves the "Voice of the Caliphate" had issued threats against Germany and Austria, urging both countries to stop their involvement in Afghanistan. They are also charged with having plotted potential bomb attacks during the upcoming European soccer championship, which will be held in Austria in June. However, no weapons or explosives were found at the time of their arrest on last September. According to their defense counsel, both accused deny all charges. Mass-circulation tabloid Oesterreich runs the headline "High tension ahead of terrorism trial," and says if found guilty, the defendants could be sentenced to up to ten years in prison. "Terrorism has arrived in Austria," the tabloid comments, and points out that the trial has attracted the attention of media from all over the world.

Alleged Bank Bawag Funding Of SPOe and OeGB

13. The presiding judge at the trial for fraud at BAWAG bank in the 1990s has announced the discovery of several boxes of documents allegedly incriminating the bank as the source of possibly illegal funding. The documents reportedly suggest that the bank provided funding of 72.7 million Euros to the SPOe, the Austrian Trade Union Federation (OeGB) and supermarket chain Konsum Austria from the 1970s through 1988. Judge Claudia Bandion-Ortner said that the boxes had been found in the basement of former bank General Director Walter Floetl's residence and turned over to the public prosecutor. Walter Floetl is the father of defendant and investment banker Wolfgang Floetl.

All major Austrian media report on the discovery of documents allegedly incriminating the formerly union-owned bank BAWAG as the source of possibly illegal funding to the SPOe and the OeGB. Judge Claudia Bandion-Ortner said that the boxes had been found in the basement of one of the bank's former director generals, but she warned against leaping to conclusions, noting that the boxes may have been a plant. "It cannot be excluded that someone put them in a place where we would be sure to find them," she said, according to semi-official daily Wiener Zeitung. Bandion-Ortner added that information about the boxes had come from former BAWAG director general Helmut Elsner's defense attorney Wolfgang Schubert, who had said he had been tipped off anonymously about them. In response to the news, SPOe party manager Josef Kalina stressed he did not believe BAWAG had ever helped finance his party: "As yet, there is no evidence that any financing took place," the Wiener Zeitung quotes Kalina. Centrist daily Die Presse in its weekend issue runs the front-page headline "Bawag: Basement files disrupt SPOe strategy," pointing out that the "find is a setback for the chancellor's party," as it "threatens to blot out the SPOe offensive against the OeVP-run Interior Ministry."

"Chronicle of the Announced Victory"

14. ... one Austrian daily headlines, reflecting the media's general view of the Russian presidential election's results yesterday. As expected, Putin protégé Dmitri Medvedev has emerged as the winner, gaining about 70 percent of the votes. There have been "no surprises" in the poll, which was a "mere formality" for Medvedev's presidency, and the "outcome was clear from the very beginning," Austrian media comment. Other contestants had "no chance to begin with against Vladimir Putin's candidate of choice." Many critics and observers, however, have described the controversial vote as "undemocratic," and "marked by wide-spread irregularities." All Austrian media agree the election victory in Russia of Putin protégé Dmitri Medvedev has come as "no surprise." Putin's "good boy has conquered the Kremlin," says mass-circulation provincial daily Kleine Zeitung, adding that for years, Medvedev was "his master's faithful servant. Yesterday's victory has made him Putin's

boss - at least on paper." What the new Kremlin leader "stands for politically, remains one of Russia's big mysteries, even after the campaign and the election." The "only thing we can be sure about is, Medvedev is Putin's creature, and he will certainly make his predecessor his Premier and co-regent," the Kleine Zeitung says. Mass-circulation tabloid Kronen Zeitung headlines "New Kremlin boss by the grace of Putin elected." Medvedev's "victory was a given from the moment Vladimir Putin nominated him his successor." The real question now is, "how power will be distributed among the Russian leadership, and whether Medvedev remains Putin's puppet or eventually emerges from his mentor's shadow," the tabloid writes. According to mass-circulation daily Kurier, the presidential election was a "command victory without any trace of euphoria for Medvedev." The Kremlin "made sure with presents and with pressure that voter turnout would be sufficiently high. Putin's candidate of choice won according to plan."

Israel Pulls Troops Out Of Gaza

15. Israel has withdrawn troops from the Gaza Strip, but air strikes continued overnight, after days of fighting that drew concern worldwide. Palestinian President Mahmoud Abbas has meanwhile formally suspended peace talks with Israel in protest of Jerusalem's actions in the last few days. More than one hundred Palestinians and three Israelis have been killed since the latest Israeli operation began last Wednesday. Israel insists it is defending itself against Palestinian rocket attacks from Gaza. The latest Israeli offensive in the Gaza Strip was met with widespread international protests, and harsh criticism of both Israel and the Palestinians from United Nations Secretary General Ban Ki-Moon. Reporting on recent events in the Gaza Strip, centrist daily Die Presse headlines: "Operation 'Hot Winter' in Gaza puts a stop to the quest for peace." Similarly, independent provincial daily Salzburger Nachrichten writes about "severe strikes against Hamas." The "violent pictures from the Gaza Strip have charged the atmosphere in the Arab world," against Israel, and the Mideast peace process, which was "cranked up once again only a few weeks ago, fell victim to Israel's operations in the Gaza Strip at the weekend. Meanwhile, ORF online news asks whether Israel's "surprise pullout of its troops from the Gaza Strip" might be "nothing more than a sign of temporary de-escalation." While "Hamas declared itself the winner" of the latest fighting, Israel has "made it very clear that it will continue to take tough action against the radical organization. What's more, the media are speculating that Israel only called back its troops because it did not want even to overshadow the upcoming visit of US Secretary of State," ORF online news states.

Kilner